



P.O. Box 1118 951 Fairview Avenue  
Bowling Green, KY 42102  
Phone: (270)842-6541  
Emergency: 1-888-291-9133  
Fax: (270)393-2620

CASE NO: 2008-00105

March 19, 2008

**RECEIVED**

MAR 24 2008

PUBLIC SERVICE  
COMMISSION

Ms. Stephanie Stumbo  
Executive Director, Public Service Commission  
PO Box 615 / 211 Sower Blvd.  
Frankfort, KY 42602

RE: Case #        Gas Cost Adjustment Report

Dear Ms. Stumbo:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, May 1, 2008 to July 31, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard", written over a horizontal line.

Gary K. Dillard  
President

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QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed: 1-Apr-08

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Date Rates to be Effective: May 1, 2008 TO July 31, 2008

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Reporting Period is Calendar Quarter Ended:

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SCHEDULE I  
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 9.6903
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	(0.0723)
+ Balance Adjustment (BA)	\$/Mcf	<u>0.0046</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 9.6226

GCR to be effective for service rendered from: **05-01-08 TO 07-31-08**

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	1,002,256.01
+ Sales for the 12 months ended 1/31/2008	Mcf	<u>103,428.60</u>
- Expected Gas Cost (EGC)	\$/Mcf	9.6903

B. <u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	\$ -
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	<u>\$ -</u>
= Refund Adjustment (RA)	\$/Mcf	\$ -

C. <u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ 0.3616
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1857
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.3683
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ (0.9879)</u>
= Actual Adjustment (AA)	\$/Mcf	\$ (0.0723)

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ 0.0013
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0072
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0016)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.0023)</u>
= Balance Adjustment (BA)	\$/Mcf	\$ 0.0046

SCHEDULE II  
EXPECTED GAS COST

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Actual\* Mcf Purchase for 12 months ended

01/31/08

(1)	(2)	(3)	(4)	(5)	(6)
<u>Supplier</u>	<u>Dth</u>	<u>Heat Rate</u>	<u>Mcf</u>	<u>Rate</u>	<u>(4) x (5) Cost</u>
Feb-07 Atmos Energy Marketing	11,930.00	1.034	11,537.72	9.763	112,642.76
Mar-07 Atmos Energy Marketing	9,722.00	1.034	9,402.32	9.763	91,794.85
Apr-07 Atmos Energy Marketing	9,319.00	1.034	9,012.57	9.763	87,989.72
May-07 Atmos Energy Marketing	8,012.00	1.034	7,748.55	9.763	75,649.09
Jun-07 Atmos Energy Marketing	7,188.00	1.034	6,951.64	9.763	67,868.86
Jul-07 Atmos Energy Marketing	7,071.00	1.034	6,838.49	9.763	66,764.18
Aug-07 Atmos Energy Marketing	6,471.00	1.034	6,258.22	9.763	61,099.00
Sep-07 Atmos Energy Marketing	6,333.00	1.034	6,124.76	9.763	59,796.03
Oct-07 Atmos Energy Marketing	8,152.00	1.034	7,883.95	9.763	76,971.00
Nov-07 Atmos Energy Marketing	9,279.00	1.034	8,973.89	9.763	87,612.09
Dec-07 Atmos Energy Marketing	10,737.00	1.034	10,383.95	9.763	101,378.50
Jan-08 Atmos Energy Marketing	11,935.00	1.034	11,542.55	9.763	112,689.92
Totals	106,149.00	1.034	102,658.61	9.763	1,002,256.01

Line losses are 102,658.61 Mcf and sales of 103,429 Mcf. -0.75% for 12 months ended 1/31/2008 based on purchases of

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 1,002,256.01
Expected Mcf Purchases (4)	Mcf	<u>102,658.61</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 9.763
Plus: Expected Losses of <u>(not to exceed 5%)</u>	Mcf	<u>1,002,256.01</u>
= Total Expected Gas Cost	\$	\$ 1,002,256.01

Allowable Sales (maximum losses of 5%).

\$1,002,256.01

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

\*\*Supplier's tariff sheets or notices are attached.

SCHEDULE III  
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended 1/31/2008

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended ___ 1/31/2008	Mcf	103,429
<hr/>		
=Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	\$ -

SCHEDULE IV  
ACTUAL ADJUSTMENT

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For the 3 month period ended \_\_\_\_ 1/31/2008

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Nov-07</u>	Month 2 <u>Dec-07</u>	Month 3 <u>Jan-08</u>
Total Supply Volumes Purchased	Mcf	8,973.89	10,383.95	11,542.55
Total Cost of Volumes Purchased	\$	\$ 82,586.73	\$ 99,082.24	\$ 114,982.03
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 8,525.20</u>	<u>\$ 11,804.80</u>	<u>\$ 12,892.40</u>
= Unit Cost of Gas	\$/Mcf	\$ 9.6874	\$ 8.3934	\$ 8.9186
- EGC in effect for month	\$/Mcf	<u>\$ 7.7878</u>	<u>\$ 7.7878</u>	<u>\$ 7.7878</u>
= Difference [ (Over-)/Under-Recovery]	\$/Mcf	\$ 1.8996	\$ 0.6056	\$ 1.1308
x Actual sales during month	Mcf	<u>8,249.10</u>	<u>11,804.80</u>	<u>12,892.40</u>
= Monthly cost difference	\$	15,669.75	7,148.82	14,578.60
		<u>Unit</u>	<u>Amount</u>	
Total cost difference (Month 1 + Month 2 + Month 3)	\$		\$ 37,397.17	
+ Sales for 12 months ended ____ 1/31/2008	Mcf		<u>103,429</u>	
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf		\$ 0.3616	

SCHEDULE V  
BALANCE ADJUSTMENT

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For the 3 month period ended 1/31/2008

Line	Particulars	Unit	Amount
1	(1) Total cost difference from actual adjustment used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>(499.39)</u> Case No. 2007-00002
2	Less: Dollars amount resulting from the AA of <u>(0.0557)</u> \$/MCF as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of 11,329		
3	MCF during the 12 month period the AA was in effect.	\$	<u>(631.03)</u>
4	Equals: Balance Adjustment for the AA.	\$	<u>131.64</u>
5	(3) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>-</u>
6	Less: Dollar amount resulting from the RA of <u>-</u> \$/MCF as used to compute the OCR in effect four quarters prior to the effective GCR times the sales of 103,429 MCF		
7	during the 12 month period the RA was in effect.	\$	<u>-</u>
8	Equals: Balance Adjustment for the RA.	\$	<u>-</u>
9	(3) Total Balance Adjustment used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>-</u>
10	Less: Dollar amount resulting from the BA of <u>-</u> \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of 103,429 MCF during the 12 month		
11	period the BA was in effect.	\$	<u>-</u>
12	Equals: Balance Adjustment for the BA.	\$	<u>-</u>
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>131.64</u>
14	Divided By: Sales for 12 months ended 1/31/2008	\$	<u>103,429</u>
15	Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>0.0013</u>